



# State of Utah

## Department of Natural Resources

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas & Mining

JOHN R. BAZA  
Division Director

JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
Lieutenant Governor

#### Representatives Present During the Inspection:

OGM	Pete Hess	Environmental Scientist III
Company	Vicky S. Miller	Environmental Specialist

## Inspection Report

Permit Number:	C0070039
Inspection Type:	COMPLETE
Inspection Date:	Tuesday, July 25, 2006
Start Date/Time:	7/25/2006 9:40:00 AM
End Date/Time:	7/25/2006 2:32:00 PM
Last Inspection:	Wednesday, June 28, 2006

Inspector: Pete Hess, Environmental Scientist III

Weather: Sunny; cooler; high cumulus clouds.

InspectionID Report Number: 1023

Accepted by: whedberg  
8/7/2006

Permittee: **CANYON FUEL COMPANY LLC**

Operator: **CANYON FUEL COMPANY LLC**

Site: **DUGOUT CANYON MINE**

Address: **PO BOX 1029, WELLINGTON UT 84542**

County: **CARBON**

Permit Type: **PERMANENT COAL PROGRAM**

Permit Status: **ACTIVE**

#### Current Acreages

9,471.00	Total Permitted
57.75	Total Disturbed
	Phase I
	Phase II
	Phase III

#### Mineral Ownership

- ☒ Federal  
☒ State  
☐ County  
☒ Fee  
☐ Other

#### Types of Operations

- ☒ Underground  
☐ Surface  
☐ Loadout  
☐ Processing  
☐ Reprocessing

#### Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

The Permittee is in the process of inserting second quarter 2006 surface and ground water monitoring information into the Division "pipeline" in anticipation of uploading same to the Division water monitoring data base. Thus, the Permittee continues to work to meet the Special Permit Condition included as Attachment "A" of the current State permit.

There are no compliance actions currently pending for the Dugout Canyon Mine permit area.

The Carbon County area received heavy thunderstorms during the early morning hours; the Permittee indicated that the Mine site received approximately 0.75 inches of rain prior to today's inspection.

Inspector's Signature: \_\_\_\_\_

Pete Hess, Environmental Scientist III

Inspector ID Number: 46

Date: Wednesday, July 26, 2006

**Note:** This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

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## Inspection Continuation Sheet

Page 2 of 4

### REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
  - a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
  - b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Division Orders, and amendments.

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### **4.a Hydrologic Balance: Diversions**

The Permittee has implemented the designed berm around the perimeter of subsoil pile #2 at the waste rock site. The design was approved on June 2, 2006 via Task ID #2466. The berm which parallels the security fence at the Pace Canyon fan portal site (the fence which parallels the Canyon road) needs to be enhanced, particularly where the flow would cross the access gate in front of the intake portal. All flow routed by this diversion reports to the sediment basin.

#### **4.b Hydrologic Balance: Sediment Ponds and Impoundments**

Nielson Construction completed the cleanout of the Mine site sediment pond on May 10, 2006. Mr. Dave Spillman, P.E., Manager of Tech Services for the Permittee, inspected the pond on May 15, 2006. There were no signs of instability or other hazards noted for this incised impoundment. Mr. Spillman completed the P.E. certification of this inspection to meet the requirements of R645-301-514.312 on June 26, 2006. As observed this day, the water elevation in the Mine site pond was approximately thirty inches below the discharge elevation on the primary stand pipe spillway. There were no compliance issues noted with this impoundment during today's inspection. The catch basin at the Pace Canyon fan portal disturbance contained puddled water.

#### **4.c Hydrologic Balance: Other Sediment Control Measures**

The sediment trap located on the west end of the Mine facilities area (lower end of ditch DD-1a) was observed to be in need of cleanout. As noted above, the site received approximately 0.75 inches of rainfall in the early morning hours immediately proceeding today's inspection. The Permittee is aware that the maintenance is necessary.

#### **4.d Hydrologic Balance: Water Monitoring**

All three forks of Dugout Creek were contributing flow to the main channel during today's inspection. Fish Creek was also noted as flowing water. All flows appeared to be very high in suspended solids.

#### **7. Coal Mine Waste, Refuse Piles, Impoundments**

The Permittee's contractor, Nielson Construction, continues to process the high ash coal which was placed in temporary storage at the waste rock site. Processing was initiated on May 15, 2006. The product is being hauled to the Savage Coal Terminal for storage, until the wash plant at that location is re-started.

**9. Protection of Fish, Wildlife and Related Environmental Issues**

Mr. Leroy Mead, Habitat Biologist with the Utah Division of Wildlife Resources and the Permittee visited the eagle nesting area which was undermined by the Gil-3 longwall panel during December of 2005. Photographs of the cliff area taken on July 11, 2006 show virtually NO impact to the nesting area, as compared to photos taken during the fall of 2005. At least one nest in the cliff face is being tended. Proposed degasification well sites G-14 and G-17 were evaluated for the need to conduct goshawk and saw whet owl surveys. As no approval has been given for these sites to date, the need to conduct the surveys has been negated, as the exclusionary periods for these species ends of July 15th.

**10. Slides and Other Damage**

During the 7/11 visit to the permit area by the DWR representative, the subsidence cracks associated with degasification well G-7 were evaluated. According to Ms. Miller, Mr. Mead did not express any concern relative to the cracks which were observed by the Division on June 28, 2006. The Permittee has prepared a written plan to repair the cracks; the submittal of same to the DOGM is being delayed by the need to prepare a map of the G-7 area. Ms. Miller also indicated that several cracks have also been detected in the vicinity of degasification well G-8.

**18. Support Facilities, Utility Installations**

The Permittee's contractor has completed the drilling of degasification well G-10; the drill rig was being moved to well site G-11 during today's inspection. Neither well site was visited this day.

**20. Air Quality Permit**

As noted above, the Permittee continues to process the high ash coal in storage at the waste rock site. Product was being loaded into trucks during today's inspection. There was no visible evidence of fugitive dust emissions caused by the truck loading process. Some dust was being generated by movement over the access road. All emissions appeared to be under the 20% opacity limit stipulated within the Permittee's air quality approval order.

**21. Bonding and Insurance**

The Permittee's current general liability insurance coverage is due to expire on July 31, 2006. Mr. Chris Hansen, Environmental Manager for CFC, is working to renew the required coverage.